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[H.R. 2620, to amend the United States Cotton Futures Act to exclude certain cotton future contracts from coverage under such Act, as amended](#)

FLOOR SITUATION

On Tuesday, June 23, 2015, the House will consider [H.R. 2620](#), a bill to *amend the United States Cotton Futures Act to exclude certain cotton future contracts from coverage under such Act, as amended*, under suspension of the rules. H.R. 2620 was introduced on June 2, 2015, by Rep. David Scott (D-GA) and was referred to the Committee on Agriculture, which ordered the bill reported, as amended, by voice vote, on June 17, 2015.

SUMMARY

H.R. 2620 amends the United States Cotton Futures Act to exclude cotton futures contracts involving cotton that is grown outside of the United States and tendered for delivery from coverage under the Act, including the requirement that the cotton be classed by the U.S. Department of Agriculture (USDA).

BACKGROUND

Current law requires that all cotton tendered under a U.S.-listed cotton futures contract be sampled and graded by the USDA. According to the Committee, this restriction has hampered the development of new cotton futures contracts designed to hedge against market risks for foreign-grown cotton or U.S. cotton merchandised abroad.¹ H.R. 2620 would amend the law to allow U.S.-based futures exchanges flexibility in handling foreign-grown cotton and foreign delivery points.

H.R. 2620 makes no changes to the delivery, classing, or any other aspect of the benchmark US #2 Cotton Contract. All domestically produced cotton will still be classed by USDA inspectors. This legislation will allow for the creation of a new global cotton contract and will enable cotton merchants and others to hedge the risks associated with the global cotton trade.

According to Chairman Conaway, "H.R. 2620 will help cotton merchants better hedge against the risks they face while preserving the tools currently available to the U.S cotton industry."

¹ See Press Release, ["House Agriculture Committee approves bill to amend the U.S. Cotton Futures Act,"](#) June, 17, 2015.

H.R. 2620 is similar to [H.R. 5810](#), which passed the House by [voice vote](#) on December 10, 2014. The Senate did not act on the House-passed version of the bill in the 113th Congress.

COST

The Congressional Budget Office (CBO) [estimates](#) that the net cost to implement H.R. 2620 would not be significant. H.R. 2620 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

STAFF CONTACT

For questions or further information please contact [John Huston](#) with the House Republican Policy Committee by email or at 6-5539.